Report of the Wind Scheduling Group

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- At the first meeting of the group we heard a comprehensive scheduling and settlement proposal from FPL representing wind generators, and
- Debated the proposal and other wind related issues.

Although scheduling within BPA's business practices was our basic issue to be addressed, we had difficulty getting beyond the issue of what are BPA's costs to integrate wind into the grid. Some felt that the costs were great and others felt the costs were minimal. We decided as a group to address this question as the first agenda item at the next Wind Scheduling Work Group planned for February 27 from 2:00 to 5:00 p.m. At that meeting we will also review any alternative scheduling proposals that may come forward.

Key Components of the FPL Wind Scheduling Proposal

This proposal corresponds to the rules adopted by the CAISO and supported by FERC in its Standard Market Design NOPR, but recognizes that it may not be a perfect fit in the Northwest, and modifications maybe required.

In the table following this section we document what we heard in the meeting concerning the elements of the proposal and the proposal in total. Notes from the meeting will be reviewed with the group at the next session for any modifications or changes to insure accuracy. Key components of the proposal are listed below.

1. Imbalance penalties should be reasonable and recognize that wind resources cannot be accurately forecast.
2. In exchange for reasonable treatment of imbalance, wind gives up any ability to schedule resources. Instead it would rely on a certified "State-of-the-art" forecasting model to schedule each wind project by formula.
3. Energy scheduled is deemed delivered; net deviations are aggregated +/- over a month and settled at a monthly weighted average market price.
4. No non-cost penalties would be assessed; specifically the 90/110 rule would not be applied.

Issues Raised Regarding the Proposal

Element of Proposal	Comments in Favor	Comments Opposed	Other Issues
Generic Issues	NA	NA	What part of the proposal can be implemented without affecting rates? (Now and in the future?) Proposal does not address capacity, but PBL could potentially address hour-to-hour capacity as part of its integration costs. Should the cost of capacity be included in imbalances or integration costs in addition to energy costs
1. Reasonable imbalance penalties.	Penalties should be imposed based on "bad behavior." Wind generators have no control over the wind and, thus its imbalances.	Other resources are also hard to control, and a lot of money is spent on controlling those resources. Wind should have to do the same.	How should we characterize penalties?
2. "State-of-the-art" forecasting in lieu of free scheduling	Wind forecast will be unbiased and result in monthly aggregated imbalances, e.g., that are near zero.	Wind never did have the ability to schedule. Thus, the quid pro quo has no quid. What is wind giving up? The output of other resources, biomass e.g., is also difficult to forecast.	Is listing of unit availability part of the proposal? Who pays for forecasting and who certifies that forecasts are "state-of-the-art"? What should be the time horizon of forecasting? TBL requires all of its customers to do their own forecasts.
3.Monthly settlement and deemed delivery.	Will be neutral to both parties and will enable better access to capital markets for wind developers.	All resources should be treated the same.	How will the settlement price be determined?
4. Removing "non-cost" penalties	Wind developers consider the 90/110 rule as it is imposed on wind resources to be a non-cost penalty.	If wind doesn't pay these costs someone else has to. This wouldn't be fair.	Is the 90/110 rule a penalty or cost of doing business?

Other Concerns Not Necessarily Focused on the Proposal

1. What are the true costs of integrating wind? (See above.)
    a. At smaller or larger % of wind
    b. Sharing of wind information to determine the integration costs.
    c.
2. Wind shouldn't be able to avoid the 100 mills imbalance charge.
3. Wind is not as valuable resource as hydro or other dispatchable plants.
4. Wind is desirable mitigate risks of future escalations in fuel prices, global warming, oil import interruptions, and other airborne pollution penalties.
5. TBL does not adjust regulation due to wind generation.
6. Smaller fluctuations of large resources can demand as much regulation or more than larger fluctuations in the smaller wind resources.
7. Who is responsible for regulating capacity?
8. Need a common understanding of 'Wind Integration' and what does it include or not include?